

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 NSCE-00 SS-15 SSO-00 L-03
TRSE-00 SP-02 CIAE-00 INR-10 NSAE-00 INRE-00 /053 W
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O 022119Z JUN 78

FM AMEMBASSY CARACAS

TO AMEMBASSY BOGOTA IMMEDIATE

AMEMBASSY BONN IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY MEXICO IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY THE HAGUE IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

AMEMBASSY OTTAWA IMMEDIATE

INFO SECSTATE WASHDC IMMEDIATE 2530

C O N F I D E N T I A L SECTION 1 OF 2 CARACAS 5011

EO 11652 GDS

TAGS: EAID VE

SUBJ: LETTERS TO PRESIDENT CARTER RE CARIBBEAN DEVELOPMENT

REF: A CARACAS 4977; B CARACAS 4976

BELOW FIND INFORMAL EMBASSY TRANSLATION OF LETTER DISCUSSED

IN REFTELS: MIRAFLORES JUNE 1ST 1978

EXCELLENCY

JIMMY CARTER

PRESIDENT OF THE UNITED STATES

OF AMERICA

WASHINGTON

DEAR PRESIDENT CARTER:

ON THE 24TH OF APRIL I WROTE TO YOU ON THE SUBJECT OF THE
CARIBBEAN COOPERATION PROGRAM AND I HAVE ALREADY RECEIVED YOUR
AFFIRMATIVE RESPONSE.

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AS YOU MUST ALREADY KNOW, IN THE INCONCLUSIVE MEETING OF DONOR
(NATIONS) ORGANIZED IN PARIS BY THE WORLD BANK, HELD ON THE 16TH
OF MAY, ONLY YOUR COUNTRY ANNOUNCED A CONTRIBUTION TO THE
PROGRAM IN THE AMOUNT OF US\$37.5 MILLION.

ON JUNE 2, A NEW ATTEMPT WILL BE MADE IN WASHINGTON TO OBTAIN

THE AMOUNT PROPOSED BY THE WORLD BANK AND WHICH, IN MY OPINION,
IS INUUFFICIENT.

AS THE POSSIBILITY EXISTS THAT THE PROGRAM YOU AND I PROPOSE
TO SUPPORT MAY FAIL,I HAVE ADDRESSED MYSELF IN THE TERMS OF THE
ATTACHED COMMUNICATION, TO THE PRIME MINISTERS OF THE UNITED KINGDOM
AND NORTH IRELAND, THE NETHERLANDS, OF CANADA AND JAPAN, TO THE
CHANCELLOR OF THE FEDERAL REPUBLIC OF GERMANY AND TO THE PRESIDENTS
OF THE REPUBLIC OF FRANCE, MEXICO AND COLOMBIA, WITH THE THOUGHT
OF OBTAINING THEIR ACTIVE COLLABORATION.
CORDIALLY YOURS,
CARLOS ANDERS PEREZ
PRESIDENT OF VENEZUELA

MIRAFLORES, JUNE 1ST 1978

EXCELLENCY
JAMES CALLAGHAN
PRIME MINISTER OF THE UNITED KINGDOM

ON THE 16TH AND 17TH OF THE (PRESENT) MONTH OF MAY, THE WORLD
BANK SPONSORED IN PARIS A MEETING OF POTENTIAL CONTRIBUTORS TO A
SPECIAL FACILITY THAT WOULD PROVIDE ADDITIONAL FINANCING FOR
DEVELOPMENT PROJECTS AND PROGRAMS IN THE CARIBBEAN AREA.

ON THAT OCCASION, THE WORLD BANK ESTIMATED THE AMOUNT OF EXTERNAL
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OFFICIAL CAPITAL ASSISTANCE FOR THE AREA DURING THE NEXT 3
YEARS TO BE US\$1,950 MILLION, EQUIVALENT TO AN ANNUAL AVERAGE OF
US\$650 MILLION. ACCORDING TO THAT SAME ESTIMATE, US\$450 MILLION
A YEAR WOULD HAVE TO CONSIST OF "CONCESSIONAL AID."

THE CONCRETE PROPOSAL MADE TO THOSE OF US ATTENDING THE MEETING,
WAS THAT WE CREATE A SPECIAL FUND FOR DEVELOPMENT PROGRAMS AND
PROJECTS, WITH AN EFFECTIVE TERM OF FIVE (5) YEARS, THE ASSETS
OF WHICH WOULD TOTAL US\$125 MILLION THE FIRST YEAR. THE MAIN
PURPOSE OF THIS FUND WOULD BE "PROVIDING A SUBSTANTIAL PART OF
THE TOTAL OFFICIAL ASSISTANCE REQUIRED FOR THE FINANCING OF
LOCAL AND UNFORESEEN COSTS OF DEVELOPMENT PROJECTS AND PROGRAMS,
PARTIALLY FINANCED BY EXTERNAL SOURCES." TWO COMPLEMENTARY
ASPECTS OF THE ASSISTANCE WOULD BE ADDITIONAL CONTRIBUTIONS
TO STRENGTHEN THE TECHNICAL CAPACITY OF THE AREA, THRU THE
CARIBBEAN DEVELOPMENT BANK, FOR THE ELABORATION AND EXECUTION
OF INVESTMENT PROJECTS, AND, ON THE OTHER HAND, SUBSTANTIAL
BALANCE OF PAYMENT SUPPORT FOR COUNTRIES, WHICH, LIKE
JAMAICA AND GUYANA, FACE A CRITICAL SITUATION IN THEIR
EXTERNAL SECTOR. IT WAS ESTIMATED THAT FOR THIS LAST CATEGORY
US\$125 MILLION A YEAR WOULD BE NEEDED.

BECAUSE ON THAT OCCASION ONLY THE DELEGATION OF THE UNITED STATES WAS PREPARED TO ANNOUNCE ITS INTENTION TO CONTRIBUTE THE AMOUNT OF US\$37.5 MILLION, WHICH WOULD REPRESENT THIRTY PERCENT OF THE BANK'S PROPOSED GOAL WITH REFERENCE TO THE SPECIAL DEVELOPMENT FUND, IT HAS BECOME ABSOLUTELY NECESSARY TO SCHEDULE A NEW MEETING OF DONORS FOR THE 1ST OF JUNE, IN ORDER TO ACHIEVE THE "ADDITIONALITY" OF ASSISTANCE FOR THE AREA, AN OBJECTIVE ON WHICH I UNDERSTAND ALL OF THE INTERESTED PARTIES, CONTRIBUTORS AND RECIPIENTS ALIKE, ARE AGREED.

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ACTION ARA-14

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AMEMBASSY OTTAWA IMMEDIATE

INFO SECSTATE WASHDC IMMEDIATE 2531

C O N F I D E N T I A L SECTION 2 OF 2 CARACAS 5011

I HOPE THAT FOR THIS NEXT MEETING, YOUR COUNTRY, LIKE OURS, MAY TENTATIVELY INDICATE ITS DECISION TO SUPPORT THE ABOVEMENTIONED SCHEME, ASIDE FROM THE EFFORT IT MAY ALREADY HAVE MADE. AS WAS INDICATED IN THE PARIS MEETING BY THE VENEZUELAN REPRESENTATIVE, MY COUNTRY HAS CARRIED OUT A CONSIDERABLE COOPERATIVE EFFORT IN THE AREA DURING RECENT YEARS. NOTWITHSTANDING THE MAGNITUDE OF THAT EFFORT, WHICH SURPASSES BY A WIDE MARGIN THAT WHICH COULD HAVE BEEN ASKED OF US BECAUSE OF OUR OWN CONDITION AS A DEVELOPING COUNTRY, WE ARE PREPARED TO ANNOUNCE FOR THE FIRST YEAR A CONTRIBUTION EQUIVALENT TO TEN PERCENT OF THE GOAL TO BE REACHED. OUR REPRESENTATIVE SHALL OUTLINE THE MANNER OF OUR CONTRIBUTION IN DUE TIME. WE CONSIDER THE FUND'S PROJECTED US\$125 MILLION PER YEAR TO BE INSUFFICIENT FOR THE INTENDED PURPOSES AND MAY BE FALLING INTO THE SAME BAD HABITS

THAT HAVE AFFECTED SIMILAR PROGRAMS IN THE PAST.

I WOULD ONLY LIKE TO CALL YOUR ATTENTION TO THE CONCEPTS OF SCOPE AND
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NATURE OF THE PROBLEM, ON WHICH THE INTERESTED COUNTRIES AND ENTITIES
TAKING PART IN ITS EXECUTION WILL HAVE TO AGREE WHEN THE CARIBBEAN
GROUP CONVENES ON THE 19TH OF JUNE IN WASHINGTON, AND WITH REFERENCE
TO WHICH MY GOVT ATTACHES SINGULAR IMPORTANCE.

OUR BASIC CRITERION FOR THIS PROGRAM'S ELABORATION IS THAT OF TRYING
TO ACHIEVE STABILITY, THROUGH AN APPROPRIATE INJECTION OF "SOFT"
FINANCIAL RESOURCES FOR PROGRAMS OF NATIONAL OR SUB-REGIONAL INTEREST
IN THE AREA, THAT ON THE ONE HAND CHECK AND REDUCE PRESENT UNEMPLOY-
MENT
LEVELS, AND ON THE OTHER HAND MAKE A POSITIVE CONTRIBUTION
TO THE IMPROVEMENT OF THESE COUNTRIES' PAYMENTS SITUATION.

I CONSIDER IT ABSOLUTELY NECESSARY THAT IT BE THE INTERESTED
COUNTRIES THEMSELVES, INDIVIDUALLY OR COLLECTIVELY, THRU THEIR OWN
ECONOMIC OR FINANCIAL COORDINATION MECHANISMS, CARICOM, EAST CARIBBEAN

COMMON MARKET, CARIBBEAN DEVELOPMENT BANK OR THRU THOSE THAT THEY MAY
ESTABLISH, ASSISTED TECHNICALLY BY EXPERTS FROM OTHER PARTICIPANTS
IN THE PROGRAM, WHICH ARE THE ONES WHO ESTABLISH IT(THE PROGRAM). IN
OTHER WORDS, IT WOULD BE VERY IMPORTANT THAT THIS PROGRAM NOT BE CON-
VERTED INTO ONE MORE PROGRAM, IMPOSED BY A SMALL GROUP OF COUNTRIES
WILLING TO COOPERATE, WITHOUT BEING TOO CONCERNED ABOUT REQUIRING
CRITERIA FROM THOSE WHO WILL BENEFIT. MAYBE THE ONLY CONDITION I
WOULD VENTURE TO SUGGEST WOULD BE THAT THE BENEFITTING COUNTRIES
DEFINE THEIR ASPIRATIONS WITHIN THE PROGRAM, WITHIN AN ACTION
FRAMEWORK DIRECTED TOWARDS THE INTEGRATION OF THEIR ECONOMIES AND
SUBSEQUENTLY TOWARDS A GROWING LINKAGE WITH OTHER INTEGRATION
MOVEMENTS WITHIN THE REGION.

I UNDERSTAND THAT PART OF THIS APPROACH (OR VIEWPOINT) FINDS
ACCEPTANCE AMONG SOME COUNTRIES WHICH EXPRESSED THEMSELVES AT THE
GROUP'S MEETINGS, EVEN THOUGH OTHERS PREFER TO MAINTAIN TRADITIONAL
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CRITERIA BASED ON THE ORTHODOXY OF SUCH AGENCIES AS THE INTERNATIONAL
MONETARY FUND THAT CAN MAKE THE RULES OF ACCESSABILITY TO RESOURCES
SUFFICIENTLY RIGID THAT THEY COULD THWART THE LEGITIMATE ASPIRATIONS
FOR SOCIAL PROGRESS OF THESE COUNTRIES.

CORDIALLY YOURS, CARLOS ANDRES PEREZ
PRESIDENTE DE VENEZUELA

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